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Innovative buy-sell auto trade show draws enthusiastic response

First World Expo smash hit; '83 return set

By Al Fleming
Industry Editor

The world automotive marketplace came to Detroit last week in the form of a revolutionary new trade show, the Automotive News World Expo.

Held at Cobo Hall in downtown Detroit, Aug. 24-27, it was hailed a rousing success by participants who numbered in the thousands at the first international buying-and-selling auto industry trade fair ever held in the U. S.

World Expo was held in conjunction with the seventh annual Automotive News World Congress, which took place Aug. 22-25, at the nearby Westin Hotel in Detroit's Renaissance Center. The two events made up Automotive News Week in Detroit.

Michigan Gov. William G. Milliken declared Aug. 24-27 as International Automotive Trade Days in the state, coinciding with World Expo.

"The exposition can mean more business and more jobs for Michigan," Milliken said. "The state is getting behind this effort to stimulate sales." The State of Michigan hosted a reception at World Expo.

Industrial agents of the Michigan Department of Commerce's Office of Economic Development participated in World Expo by, among other things, working with a staff of local economic development corporations, utilities, banks and legal and accounting firms to provide on-the-spot counseling to participants. In addition, a computer terminal was made available to provide plant site and community information.

• The basic concept of World Expo proved to be the most attractive feature to participants, because the show brought together, for the first time in an organized forum in the U. S., buyers and sellers of automotive products from around the world.

Thirty-three vehicle manufacturers staffed buying offices in the exhibit area with purchasing, engineering, manufacturing and management personnel. There were 152 exhibitors from around the world displaying and selling components, materials, machinery and services.

"World Expo has proved to be a great opportunity to set up contacts with vehicle manufacturers and even other exhibitors (suppliers). People here under-

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A gala event

Jim Piegue

Automotive News Week event packs 'em in

Highlight of Automotive News Week in Detroit was the Tuesday Evening Gala, which attracted 1,500 persons to a banquet and key presentations by Eberhard von Kuenheim, chairman of the board of management of BMW, and Charles M. Jordan, director of design, General Motors.

GM link with imports is essential, McDonald tells World Congress

By Matt DeLorenzo
Staff Writer

While the U. S. auto industry is hard at work regaining a competitive edge through new products, higher quality and a different approach to management, it will continue to rely on captive imports to retain a strong presence in the small-car market, F. James McDonald, General Motors president, said in the keynote address at the Automotive News World Congress.

"As you know, all the American car companies have entered into creative new relationships with foreign companies," he said. "Although some people question these moves, competitive economics at the lower end of product offerings make them mandatory.

"Importing smaller vehicles from abroad is not a new idea. But today, small cars from compact size down are taking about 60 percent of all U. S. auto sales. And imports account for 40 percent of this market segment.

"These arrangements with foreign companies will assure that U. S. auto makers retain a strong and competitive pressure in this growing segment of the car market."

McDonald said he doubts that American car producers prefer doing business this way but said, "I am hopeful that our current research and development work will prove that in the future we can competitively build small cars in this country."

While defending the need for captive imports, McDonald said he feels that import manufacturs with high volumes in this country have an obligation to base some of their operations

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Wall Street analyst bullish on Detroit, sees 15.6 million sales in '84

Happy days are here again—almost

By Edward Lapham
Financial Editor

One of Wall Street's more bullish auto analysts dispensed a dose of good old-fashioned optimism last week to attendees at the Automotive News World Congress.

David Healy, auto analyst for Drexel Burnham Lambert, Inc., predicted U. S. car and truck sales will recover to 13.3 million units next year and 15.6 million units in 1984.

This recovery will mean a return to healthy profitability for U. S. auto makers, he said, with General Motors earning $3 billion to $4 billion, Ford earning $1.5 billion, Chrysler earning $400 million to $500 million and American Motors returning to breakeven or even showing a small profit.

Healy's perspective represents a significant turnaround. The four auto makers reported a combined net loss of $1.8 billion in 1981. For this year, with car and truck sales forecast at 10.4 million units, Healy said GM will earn about $1 billion; Ford will lose $250 million; Chrysler will have profits from operations, before including receipts from asset sales, of $30 million to $40 million, while AMC will still "be deep in the red."

Healy's presentation on the final day of the Automotive News World Congress was well-received by the attendees who earlier had been inundated with less-optimistic, dire observations about the state of the industry.

The analyst said he does not believe the industry is permanently recessed, but rather that a normal, fairly robust, cyclical recovery is just around the corner.

"There are lots of pessimists on Wall Street still, and auto stock prices still reflect, as they typically do in recessions, a fair amount of long-term 'death-of-the-automobile' sentiment among investors," Healy said.

"I think I'd like to own auto

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breaking news

Nissan Ambivan?

LOS ANGELES. — Nissan's Stanza-based minivan has been tentatively named the Ambivan and is expected to be introduced in the U. S. market next April. The home market version will be called the Prairie and it's expected to go on sale in Japan this fall. The U. S. model will be powered by a 2.0-liter four-cylinder engine, while a 1.8-liter version will be available in Japan.

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At World Congress

Jim Piegue

Opening-night speakers

Addressing the opening session of the Automotive News World Congress were F. James McDonald, left, president of General Motors, and David P. Reynolds, right, chairman of Reynolds Metals Co. Before their talks, they chatted with Keith E. Crain, Automotive News publisher and editorial director.

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Consultant Harbour says management systems must change quickly

Time running out for U. S., auto industry is warned

By Kathleen Hamilton
News Editor

A management consultant issued a strong warning to U. S. auto executives that they have little time left to adopt Japanese-style management techniques before the country's industrial base is destroyed.

"Ladies and gentlemen, you don't have five years—much less 10 — to employ new management techniques," James E. Harbour, president of Harbour & Associates, Berkley, Mich., told the Automotive News World Congress.

"In 10 to 15 years, our industrial base will be eroded so much that the only thing we will be exporting is free-enterprise rhetoric."

Technology is not the problem of the U. S. industry, Harbour said, citing the country's capacity to build 5.9 million fuel-efficient, front-drive cars a year.

The U. S. will be able to build 7 million such cars in 1983—yet the capacity has been unused because they have been "a sales disaster," Harbour said.

Meanwhile, high-quality, old-technology (rear - wheel - drive) Japanese cars are capturing the market.

Uncompetitive prices are the problem for the U. S., Harbour said. The way to achieve price-competitiveness is through improved management techniques, he said.

The Japanese could cut the prices of all their cars worldwide an average of $1,200, according to Harbour.

"The price war has not yet started," he said.

The advantage, he said, comes from a management system that has half the middle-management layers of a typical U. S. auto firm; from using production-workers' talents to improve the product and production system, and from a zero-defects system that reduces scrappage, inspection and warranty costs.

Harbour stressed the importance of the just-in-time inventory system used by the Japanese. Some of its advantages are that it reduces interest paid on inventory, reduces plant size and resulting costs, reduces the need for computers and insures that sources of defective components are discovered immediately.

Toyota's inventory per car is $46; Honda's is $60; the North American average is $700, Harbour said.

The system also demands that suppliers be treated as extensions of the auto maker, with design and engineering capabilities, Harbour said.

Statistical process control — while important — will not do the job alone, Harbour said. He singled out Ford Motor Co. as leading the U. S. in this area.

While the North American auto industry has averaged annual productivity improvements of 3 to 4 percent in recent years, the Japanese industry — using these techniques—has averaged 8 to 9 percent, he said.

The result is that it takes Japan 15.3 hours to assemble a small car, and it takes the U. S. makers 33.2 hours to assemble a small car.

Harbour said his analysis takes into consideration the fact that Japanese suppliers make more of their cars' componentry.

The total time to produce a U. S. car (excluding management, sales and engineering) is 145 hours. In Japan, the figure is 84 hours, Harbour said.

He stressed that the Japanese are working with the same level of technology in their plants. The sole exception, he said, is advanced body-stamping capability—and this technology was purchased from the U. S.

Harbour said union-negotiated redundant work rules add $300 to the cost of each U. S. car.

Harbour had other suggestions for the auto executives. Trucking will become increasingly important unless rail service improves, he said. It now takes an average of six days to ship a part by rail from the Midwest to the East — a trip that takes a truck one day.

Harbour also said companies must stop shipping bulky items like floorpans and seats long distances.

The cost of shipping also has made California assembly plants unworkable, he said.

Following up

James E. Harbour, center, president, Harbour and Associates, is interviewed by radio reporters after his Automotive News World Congress presentation.

GM diesel engine complaints mount as consumers gird for legal action

By Helen Kahn
Washington Bureau Chief

WASHINGTON. — The used-car market is reflecting problems with General Motors diesel engines, particularly early 350-cubic-inch V-8s used first on the 1978 Oldsmobiles.

GM is facing a major class action suit in federal court, two big ones in state courts in New York and California, and a Federal Trade Commission suit is approaching trial before an administrative law judge.

The Center for Auto Safety here is trying to assess consumer complaints. The Diesel Automotive Assn. has written GM Chairman Roger B. Smith suggesting GM consider withdrawing the engine from the market, extending its warranty, or no longer calling it a diesel.

But what may hurt GM most is rejection in the the marketplace. Reality is what happens when dealers accept the GM diesel cars in trade, what is bid for them at auctions, what dealers can wholesale them for, what prices appear in the Kelley Blue Book and in NADA's used-car guide. Those dollar amounts may be unfair or improperly perceived, but they are real.

The Kelley Blue Book has been using $750-deduct-from-wholesale for '78 and '79 GM diesel cars and $500-deduct for '80s and '81s. The September NADA guide uses a $500-deduct for '78 and '79 GM diesels and just the word deduct for '80 and '81 models. Nothing unusual is being used for '82 GM diesels.

• Informed sources are saying — but GM will not confirm — that the 1983 Chevrolet Chevette with its Isuzu 1.8-liter diesel engine, will carry a three-year/36,000-mile warranty. That is not an indication GM has greater faith in the Japanese diesel than in its own, but is being done to reassure customers.

Warranty policy for GM diesels is the same as for its gasoline engines. A GM spokesman said that means giving customer satisfaction which could mean reimbursing consumers for repair work and expenses — if warranted by the individual situation — but sticking to the usual warranty.

GM has, however, offered to extend the warranty for its '81 and '82 diesel engines to 24 months or 24,000 miles for the modest price of $100.

GM acknowledges water-in-fuel problems with early models and designed a fix for '80 models, a warning light at a $50 cost to the owner. It sent warning letters to owners of earlier models. But GM insists problems occurred mostly with bad fuel.

In February, GM announced a recall of some engine governors because of a possibility of

Continued on Page 38, Col. 3

UAW may forego raises for profit slice—Fraser

By Marjorie Sorge
Labor Editor

The UAW could be willing to give up annual raises in exchange for a more generous profit-sharing fomula, according to UAW President Douglas A. Fraser.

Fraser told AUTOMOTIVE NEWS last week the union might be willing to exchange the traditional annual improvement factor (AIF) for better profit-sharing agreements. That raise is usually 3 percent.

But he emphasized it is not likely the deal would be part of current negotiations with Chrysler Corp. and said the cost-of-living adjustment would not be a part of the exchange.

Fraser, who steps down as union president next May, also said it is likely that his successor will be picked this fall. Current contenders are Owen Bieber, vice president and director of the General Motors Department; Don Ephlin, vice president and director of the Ford Department; Raymond Majerus, secretary-treasurer and Stephen Yokich, vice president and director of the Agricultural Implement Department.

In a speech at the Automotive News World Congress, Fraser said:

1. The UAW would be willing to modify the local-content bill making it more flexible and that a floor vote in the House is expected before the end of the current session.

2. He believes the U. S. is ready to accept wage-and-price restraints.

3. The domestic car makers will sell 5.8 million units in the

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UAW chief at World Congress

Douglas A. Fraser, center, president of the UAW, is escorted through crowd at Automotive News World Congress by Cynthia Radom, director, special products, Crain Automotive Group, and David Mitchell, UAW public relations aide.

Toyota, Renault plan passenger-car diesels

By Jake Kelderman
Washington Staff Writer

WASHINGTON. — The bloom may be off diesel passenger-car sales in the U. S., but that doesn't mean manufacturers have given up on the oil burners. Indeed, two more are about to join the list.

According to information on file at the EPA, Toyota will be introducing a turbocharged and normally aspirated 1.8-liter four-cylinder diesel in the 1984 model year, and American Motors/Renault will be introducing turbocharged and normally aspirated versions of a four-cylinder 1.6-liter diesel engine to be produced by Renault.

The latter will be offered as an option in the Alliance, the former will likely be available in Toyota's new Corona series.

Both companies are asking EPA to grant them waivers from the 1984 oxides of nitrogen standard to bring the new diesels on line.

Such waivers are available under provisions of the Clean Air Act and have been given previously to all diesel makers asking for them on the grounds that technology does not exist to meet both a 1.0 gpm nitrogen oxide standard and a 0.6 gpm diesel particulate standard at the same time.

The last year in which waivers up to 1.5 gpm are available for the NOx standard is 1984. In 1985, it will be 1.0 for all makers and the particulate standard will go to 0.2 gpm, although EPA is readying a proposal to postpone that until the 1987 model year.

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Participants enthusiastic at innovative buy-sell auto trade show

First World Expo hailed as hit

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stand it's a back and forth, give and take thing, and personnel staffing the buying offices are very accessible," said Jack Baumgarten, of Kent-Moore Tool Division, which exhibited OEM-approved service tools and equipment.

George MacFarlane, vice president of sales for Creative Industries of Detroit, an exhibitor whose major products and services include tooling and prototypes, product design and manufacturing engineering, and training/merchandising programs, said, "World Expo is the most well-hosted show I've ever been to, and I've been to a lot of them. The buying office personnel are very cooperative. We're also pleased by attendance at the meetings we've held."

Said an obviously pleased sales manager of an OEM supplier firm during the second day of World Expo: "I'm going back to our plant with blueprints I picked up here. We'll have a quote back to them (a potential customer) next week. It's much faster this way than going the usual route of making sales calls."

• To further the World Expo goal of promoting business, free meeting rooms, separate from the exhibit area, were made available to exhibitors to hold seminars, workshops and presentations.

For some of those who took advantage of the opportunity to talk with prospects in the meeting rooms, the effort paid off handsomely.

James J. Badgero, marketing manager for Ralph Shrader, Inc., Detroit-based supplier of petrochemical products to the OEM, said the company used the meeting rooms to present its latest test data and illustrate its ties to the auto industry.

"In no way could we afford to send someone around the world and make these initial contacts (with overseas manufacturers)," he said.

Norsk Hydro Aluminum, Inc., Rockledge, Fla., producer of drawn aluminum tube and aluminum extrusions, had 50 attendees at a meeting on Cobo Hall's third floor.

Norsk had sent invitations to a list of buying prospects, had a poster in its display area and "benefited from word of mouth," according to Thomas G. Hamilton, sales manager, who added, "We're very pleased."

Hamilton said Norsk had an audio visual presentation and a "very valuable question-and-answer session at each meeting.

"We enjoyed the privacy (of the meeting room), and we'll be back next year," he said.

Newnam Foundry Division of Chromalloy American Corp. plans to return to the World Expo in 1983 with double the exhibit space it had this year, according to a company spokesman. The company's major products are gray iron castings.

The foundry firm, located in Kendallville, Ind., used meeting rooms to present its newly developed Vendor Inventory Supply Assurance (VISA) system, a way of doing business that the company says offers advantages over the Japanese "Just-In-Time" or Kanban concept.

• Ken Davies, Newnam account executive, said, "The first thing we're going to do next year (at World Expo) is get two sections (of exhibit space), just one isn't enough. We're also going to change our exhibit design."

Davies added: "There's been a lot of interest in VISA, and in buying from us."

A major innovation at World Expo was a computerized "Match Maker" service designed and programmed by IBM Corp., in cooperation with AUTOMOTIVE NEWS. It was the first attempt ever made anywhere to match suppliers, distributors and manufacturers' representatives by a computer at a trade show.

"It (Match Maker) went well and drew a great deal of interest," said Tony Merpi, managing director of World Expo. "This year was the first step; next year we take an even bigger one."

He said that at 1983 World Expo, in addition to a computerized cross-indexing system matching suppliers and distributors who do business in the same geographical areas and deal with similar automotive products, the computer data base will be expanded to include vehicle manufacturers.

"We'll plug in information on the kinds of products, applications and services the car and truck makers are looking for," Merpi said.

Another World Expo feature that received a lot of attention, Merpi said, was an International Business Center, designed to assist representatives from 18 foreign countries who conducted business at the show.

The service included a Telex machine, interpreters and availability of a Department of Commerce trade specialist who assisted visitors in making contacts with American suppliers.

Cobo Hall was designated as international free-trade zone during the show, allowing overseas exhibitors to ship their displays and products duty-free.

Merpi said exhibitors told him that the "quality of participants and attendees at the show was excellent." He said he heard reports of several transactions being made that involved multi-million-dollar contracts.

According to Merpi, exhibitors already have asked for space at next year's Automotive News World Expo, to be held July 12-15 at Cobo Hall, and some have signed letters of intent to exhibit.

"We've also talked with representatives from various trade associations in England, Italy, South Korea and elsewhere, who came this year to observe and analyze. They tell us they'll be participants in '83," Merpi said.

Mid-August new-car sales off 8th period in a row

By Jenny L. King
Staff Writer

For the eighth 10-day selling period in a row, retail sales of new U. S. cars fell from year-ago levels, bringing the 1982 model year closer to a stagnant ending. New-car sales plunged 35.33 percent Aug. 11-20, the greatest year-to-year gap since a 43.99-percent decline mid-March.

Dealers delivered 132,356 domestic cars during the mid-August period, down from 204,678 in 1981 and lowest since 115,799 in 1961.

With nine selling days this year and last, the daily rate of 14,706 was down 35.33 percent from 22,742.

Year-to-date sales through Aug. 20 totaled 3,610,227, down 13.32 percent from 4,164,870 in 1981.

The major domestic auto makers were down from 19.71 percent to an even 50.00 during the period. Ford Motor Co. held the 19.71 percent decline, its sales dropping to 29,736 from 37,034 last year. Chrysler Corp. was down 29.58 percent, to 16,092 from 22,853.

General Motors bowed under a 39.53-percent sales difference, plunging to 81,597 from 134,949 in 1981. Volkswagen of America reported sales of 2,431 Rabbits, down 49.79 percent from 4,842. Estimated sales of American Motors passenger cars were 2,500, down 50.00 percent from 5,000 in 1981.

• GM earned 61.65 percent of the mid-month domestic market, down from 65.93 percent last year. Ford cornered 22.46 percent, up from 18.09 percent. Chrysler had 12.16 percent, up from 11.17 percent. VWoA dropped to 1.84 percent from 2.37 percent, and AMC stood at 1.89 percent, down from 2.44 percent.

Chrysler and Lincoln were the sole U. S. makes to increase their sales compared with year-ago levels. Chrysler more than doubled its total, going to 4,255 from 1,714, while Lincoln was up 10.03 percent, to 1,766 from 1,605.

At Chrysler Corp., Plymouth was down 44.01 percent, Imperial was down 79.53 percent and Dodge was down 43.56 percent. Ford sales dropped 25.46 percent and Mercury was down 10.10 percent.

Cadillac suffered the lightest blow at GM, its sales down just 5.02 percent from last year. Oldsmobile was down 41.69 percent, Chevrolet was down 40.08 percent, Pontiac was down 53.83 percent and Buick was off 32.73 percent.

AMC was down 50.00 percent and VWoA dropped 49.79 percent.

DOMESTIC SALES

	Aug. 11-20, 1982	Aug. 11-20, 1981
AMERICAN MTRS.	2,500†	5,000†
Chrysler	4,255	1,714
Imperial	26	127
Plymouth	5,989	10,696
Dodge	5,822	10,316
CHRYSLER CORP.	16,092	22,853
Ford	16,830	25,262
Mercury	9,140	10,167
Lincoln	1,766	1,605
FORD MOTOR CO.	29,736	37,034
Buick	16,943	25,186
Cadillac	6,812	7,172
Chevrolet	29,761	49,669
Oldsmobile	17,517	30,042
Pontiac	10,564	22,860
GENERAL MOTORS	81,597	134,949
VOLKSWAGEN	2,431	4,842
INDUSTRY TOTAL	132,356	204,678

† Estimated

breaking news

Continued from Page 1

Dresser to buy IH construction unit

CHICAGO.—Dresser Industries, Inc., Dallas-based manufacturer of equipment for construction, mining and petroleum operations, has agreed in principle to buy most of International Harvester's construction-equipment business. Sources close to IH said Dresser will pay $100 million to $150 million. The Dresser offer doesn't include foreign operations, which IH is expected to sell eventually.

GM picked as strike target in Canada

TORONTO.—The UAW in Canada has picked General Motors as the strike target. UAW Vice President Robert White, director of the Canadian region, said he is "going in (to negotiations with GM) looking for a settlement," but said if an agreement is not reached by midnight Sept. 14 there will be a strike. White also said the decision has the support of the union's International Executive Board which would have to authorize the strike. The strike target decision was made between GM and Ford. The UAW had ruled out Chrysler because of its economic situation.

Low-interest finance rates offered by Chrysler, Ford

By Joseph Bohn
Marketing Editor

Chrysler Corp. uncorked a new low-interest retail financing program which covers some new '81, '82 and even '83 model cars.

Ford Motor jumped in with a competitive 11.9 percent retail finance rate on three selected car lines, almost immediately, and announced it would lower the finance rate offered by Ford Motor Credit on all cars by 1 percentage point.

For Aug. 24 to Sept. 30, Chrysler is offering 12.5 percent financing to purchasers of its '82 LeBaron and Dodge 400 convertibles.

From Aug. 24 to Dec. 31, it is offering similar 12.5 percent financing on '81, '82 and '83 Cordoba, Mirada and Imperial models.

Eligible customers are those who take delivery during the specified time period.

Financing can be handled by any financial institution. Chrysler will reimburse lending institution the difference between 12.5 percent and their normal rate up to 18 percent.

However, because Chrysler is paying the money all at once—rather than over a period of months — it is discounting amounts it will pay lenders.

If, for example, a finance contract is for one to 12 months, Chrysler will pay 90 percent of the difference between 12.5 percent and whatever the bank's normal financing rate.

If it is a 13-24-month contract, Chrysler pays 85 percent, and on 25-to-48-month contracts it pays 75 percent of the difference between 12.5 percent and the lender's normal rate.

Customers can use credit unions, banks or whatever finance source the dealer lines up. There is no participation agreement to be signed by dealers, or enrollment fee or any other dealer requirement in the program.

• Meanwhile, from Aug. 24 to Dec. 31, Ford Motor is offering car buyers 11.9 percent retail financing on '82 Thunderbirds, XR-7s and Lincoln Continentals.

The program is in effect on eligible cars delivered to customers through Dec. 31, 1982, whether they buy out of dealer stock or order from the factory.

Unlike Chrysler, Ford is paying a straight $800 on finance contracts, regardless of size, in states with limited-recourse laws.

Essentially, limited recourse means the dealership is responsible for paying off the car if a customer defaults.

The vast majority of states fall into this category.

In other states, without limited recourse, Ford is paying banks and financial institutions a flat $750 per vehicle.

Ford is also paying a flat $90 finance reserve on the contracts in limited recourse states and $40 in others.

In some states, this could affect the dealers' finance reserve, and might be interpreted as the dealers contributing to the program.

Thus, the company still has to iron out specifics in states like Texas and Arkansas which have rules against requiring dealers to participate in company-sponsored programs of this sort.

Meanwhile, Ford Motor Credit is reducing its finance rate on all Ford products it finances by a full percentage point.

However, because there are some 200 different rate areas around the country, this reduction was not expected to be implemented until around Sept. 1.

Some states have add-on interest rates, such as California, where the rate will be lowered from 10.5 percent to 9.75 percent.

A half-point of add-on interest equals roughly about one point of simple interest.

In simple-interest states, the prevailing rate might be reduced to 16 percent, for example, from a previous 17.

Still again, in some states like Arkansas, where there is a very low capped interest rate, no change may be made.

The complications of figuring these changes as they apply to each area prevented Ford Motor Credit from initiating the reductions immediately last week.

Meanwhile, from Aug. 18 to Sept. 22, Ford Division has a truck program, offering sales people $75 for the sale of any '81, '82 or '83 Bronco, F-100 to F-350 or Ranger pickup.

If a dealership hits 100 percent of an assigned sales manager's objective on these units, the sales manager also gets $25 per unit retailed.

Executive Subaru opens

WALLINGFORD, Conn.—Executive Subaru is Connecticut's newest Subaru dealership.

Mann lists factors on both sides

Fleet boss' problem: Lease or buy?

By Francis J. Gawronski

There are no clear-cut factors to indicate that buying fleet vehicles is better than leasing them, or leasing them is better than buying, according to Ilene Mann, director of facilities management for G. D. Searle & Co., Skokie, Ill.

Speaking at the Automotive News World Congress, Mann said there are common advantages and disadvantages to both sides.

According to Mann, there are two basic advantages of company fleet ownership.

"One is total corporate control," she said. "That is, negotiating your own purchasing costs and arrangements which can be substantially less than leasing arrangements.

"Fixed depreciation and interest rates are heavy weighing factors in the decision of buying or leasing," she said, "as are negotiating maintenance and vehicle disposal.

"Second is having a corporate vehicle management staff that has the expertise necessary to manage all of the areas just mentioned," Mann said.

The disadvantages of corporate ownership include administration—the expense of maintaining the appropriate staff and headcount to manage company ownership effectively.

Other disadvantages listed by Mann include capital investment of millions of dollars in vehicles instead of possibly investing in other areas more appropriate to the needs of your business.

Also, company owned vs. leased vehicles affect the organization's balance sheet, and the dollars invested in vehicles would probably not bring as great a return as would other investments, she said.

• "Advantages of external leasing include capital release," Mann said. "The opposite of company ownership, you are not investing capital in vehicles and can, therefore, invest in other areas."

Another advantage in leasing is that lessors have the expertise in all areas of vehicle management and can provide the resources necessary to manage a program effectively.

Procurement and disposal leverage of vehicles is another advantage, Mann said, because leasing companies purchase and sell thousands of vehicles all over the country.

Disadvantages of leasing includes administration because "your company still has to maintain an appropriate staff to administer a program even with utilizing an external leasing source," she said.

Interest and fees are other leasing disadvantages. Because the cost of money has increased substantially over the last few years, Mann said it usually costs most companies a substantial amount over the prime interest rate to utilize external leasing.

"Given all of these factors to analyze, it really comes down to only two major factors for management to consider as a basis for decision," she said.

The first one is your company's financial position," Mann said. "That is, what kind of tax situation is beneficial and can your organization afford to invest the capital necessary for ownership?

"The second major factor is resource expertise," she said. "What resource expertise is available both internally and externally?"

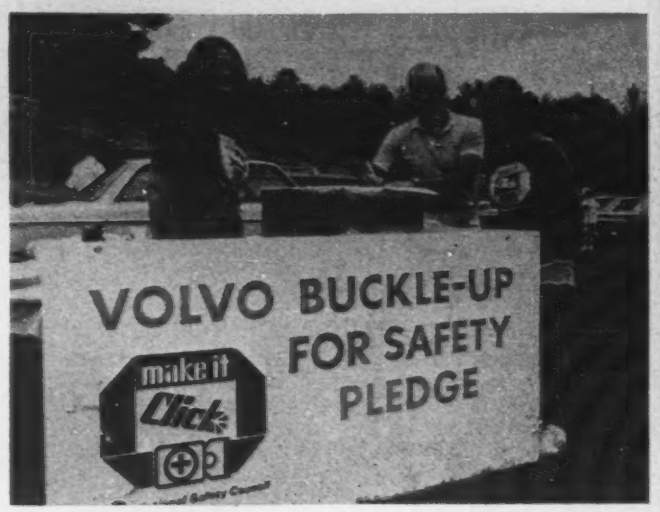
After a careful lease vs. buy analysis has been performed and a decision has been made, Mann said it all comes down to managing that decision.

Used car sales
Auction Averages

August	$4,910
Month ago	$4,885
Year ago	$4,548

Model breakdown
Auction Averages

	AUGUST	JULY	JUNE
1982	$8,749	$9,371	$9,648
1981	6,591	6,824	6,892
1980	5,348	5,377	5,367
1979	4,830	4,823	4,768
1978	3,867	3,872	3,637
1977	3,038	2,935	2,950
1976	2,046	2,103	2,041
1975	1,357	1,686	1,415
Overall Average	$4,910	$4,885	$4,708



Volvo hooks up with safety

Joseph L. Nicolato, senior vice president of Volvo's North American Car Operations, signs a Buckle-Up for Safety pledge at a picnic preceding the recent Volvo International Tennis Tournament, North Conway, N. H. Some 240 persons accepted Volvo's invitation to back the National Safety Council's "Make It Click, Buckle-Up" campaign. Overseeing the pledging are Volvo employes Regina Brady, left, and Phyllis Bosco.

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But year-to-date total is 23 pct. below 1981

9 plants return; car output jumps

By Patricia Hoffman
Staff Writer

Domestic auto production fared considerably better last week than in the previous week as nine assembly points returned from model changeover, leaving only six plants idle.

Last week's car production was targeted at 99,993 units, a 32.96 percent gain from the previous week's 75,207, but the total was 4.40 percent below the 104,600 units completed in the comparable 1981 week.

So far this year, the manufacturers have finished 3,429,513 units, down 23.80 percent from last year's 4,500,830.

Breakdown last week by company was: General Motors 62.91 percent; Ford Motor, 21.76 percent; Chrysler Corp., 12.93 percent and American Motors, 2.40 percent.

GM's Lordstown and Willow Run plants resumed operations last week following model changeover. Also back at GM were Tarrytown, Framingham and Janesville. Tarrytown and Framingham returned Wednesday (Aug. 25) and GM's Janesville plant resumed production Thursday.

Ford Motor's Dearborn and St. Louis facilities and Chrysler's Belvidere and Newark points also resumed operations last week.

The GM Leeds plant, idle since July 14, will resume with one shift operations today (Aug. 30), leaving about 2,000 workers on indefinite layoff. The plant builds Buick Skylark and Oldsmobile Firenza.

GM's Wilmington facility, idled Aug. 13, is slated to return Sept. 7.

Also at GM, the Oklahoma City point began a four-week shutdown last week for model changeover. Operations are expected to resume Sept. 20.

Ford's Atlanta and Chicago points remained idle last week for changeover.

Volkswagen of America's Westmoreland facility, down Aug. 2, is slated to return sometime in September.

AMC announced that beginning Sept. 13, production of the new Renault Alliance at the company's Kenosha facility will be doubled, upping the current rate of 300 units a day on two shifts to 600 units a day on two shifts. Approximately 1,000 workers will be recalled from indefinite layoff.

Sporty rear window

Hammond Mfg. Corp., Lansing, now offers aluminum/stainless rear window louvers for 1982 Camaro and Firebird models. The black satin finish wraparound louvers are designed for installation without body bolting.

Truck production rises 7 pct. on 30,411 assemblies

Downtime at Ford Motor's Louisville facility pulled last week's domestic truck production down 7.29 percent from the previous week's total, but output was 54.71 percent higher than last year's figure when six assembly points were idle for changeover.

The truck makers scheduled 30,411 units last week, down from 32,804 the previous week but up from 19,657 in the comparable 1981 week.

Year-to-date, the manufacturers have assembled 1,329,229 trucks, a 16.99 percent gain from 1,136,169 trucks finished in the same period last year.

General Motors' Janesville facility, idle since Aug. 6, remained down last week for model changeover. Operations are slated to resume tomorrow (Aug. 31).

Also at GM, the Detroit plant, down since Aug. 20, is expected to return Sept. 20 with 1983 production.

The Pontiac heavy-duty and medium-duty facilities also remained idle last week for changeover. The heavy-duty line is slated to resume operations Sept. 20, and the medium-duty line will be back Sept. 7.

Volkswagen of America's Westmoreland plant, which closed June 28, is slated to resume operations in September.

Ford's Louisville point was closed last week for inventory control.

Car output rises 26 pct. in Canada; trucks up, too

Canadian auto production jumped 26.16 percent last week from the previous week's total as Ford Motor's St. Thomas facility scheduled six days of assembly following downtime for model changeover.

Last week's car output was estimated at 17,982 units, up from 14,328 the previous week, and up 12.08 percent from 16,026 units in the comparable 1981 week.

Year-to-date, the auto manufacturers have assembled 583,275 units, a 3.68 percent gain from last year's 562,574.

The return of General Motor's Oshawa truck point helped boost last week's truck production 40.53 percent to 10,423 units from the previous week's 7,417, and output was up 1.10 percent from 10,310 trucks completed in the comparable 1981 week.

So far this year, there have been 341,698 trucks produced, down 1.65 percent from 347,446 units in last year's comparable period.

GM's Oshawa (No. One) and St. Therese facilities remained idle last week for model changeover.

Also still down was Volvo's Halifax point, which has been idle since Aug. 2 for changeover.

Recent stock market boom has little effect on Detroit

The recent Wall Street boom in stock prices has had little effect on Detroit despite the run-up in auto stocks, according to several experts.

Otto Eckstein, chairman of Data Resources, Inc., said the market boom has had no effect "but the falling interest rates which started the activity will definitely help the auto industry."

Dealer finance-and-insurance expert Kark Singer, of Karl Singer and Associates, agreed but added that "to return to the prosperity," the long-term interest rates must start "breaking through 12 percent and head below 10 percent."

Arthur G. Davis, auto analyst for Prescott Ball & Turben, Inc., said General Motors should take advantage of the stock price increases to go to the equity market with a new stock issue. "Given investor enthusiasm for the auto cycle, there is an apparent opportunity for GM in the market," Davis said.

David Healy, auto analyst for Drexel Burnham Lambert, Inc., disagreed. "I hope GM doesn't go to the equity market," Healy said. "GM already is a recipient of benefits of the lower interest rates. Car loans will be cheaper and easier to get.'

TRUCK PRODUCTION IN U. S.†

	Week Ended Aug. 28, 1982	Week Ended Aug. 29, 1981	Week Ended Aug. 21, 1982	Aug. to Date	Jan. 1 to Aug. 29, 1981	Jan. 1 to Aug. 28, 1982
CHEVROLET	8,641	1,595	8,229	36,066	336,408	458,063
DODGE	2,400	24	2,126	6,855	65,134	86,988
FORD	12,579	10,376	16,075	56,878	420,029	480,416
GMC	2,646	1,699	2,219	12,037	118,242	166,154
INTERNATIONAL	1,095	1,596	1,105	4,395	49,895	32,802
VOLKSWAGEN	.....	917	.....	.....	30,967	8,103
JEEP	2,000*	2,000*	2,000*	8,006*	68,188*	57,123*
AM GENERAL	50*	50*	50*	200*	2,786*	1,560*
MISCELLANEOUS	1,000*	1,400*	1,000*	4,000*	44,520*	38,000*
Total Trucks, U. S.	30,411	19,657	32,804	128,437	1,136,169	1,329,229

CANADIAN TRUCK PRODUCTION

	Week Ended Aug. 28, 1982	Week Ended Aug. 29, 1981	Week Ended Aug. 21, 1982	Aug. to Date	Jan. 1 to Aug. 29, 1981	Jan. 1 to Aug. 28, 1982
CHRYSLER CORP.	2,543	2,105	2,190	9,073	55,330	68,352
FORD MOTOR	3,399	2,628	3,170	13,503	98,828	96,857
GENERAL MOTORS	4,221	5,311	1,793	9,481	185,626	168,801
INTERNATIONAL	260	266	264	1,000	7,662	7,688
Total Trucks, Canada	10,423	10,310	7,417	33,507	347,446	341,698
N. American Trucks	40,834	29,967	40,221	161,494	1,483,615	1,670,927

†—Now includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.

U. S. CAR PRODUCTION

	Week Ended Aug. 28, 1982	Week Ended Aug. 29, 1981	Week Ended Aug. 21, 1982	Aug. to Date	Jan. 1 to Aug. 29, 1981	Jan. 1 to Aug. 28, 1982
AMERICAN MOTORS	2,400*	3,150*	2,456*	9,768*	89,572*	46,123*
Spirit	.....	.....	.....	.....	.....	.....
Concord	.....	.....	.....	.....	.....	.....
Eagle	.....	.....	.....	.....	.....	.....
CHRYSLER CORP.	12,930	14,673	6,341	26,760	542,119	379,813
Plymouth Total	4,230	7,730	1,741	8,418	281,281	153,974
Horizon	1,600	3,110	.....	1,600	109,390	48,060
Reliant	2,600	4,620	1,702	6,715	162,304	105,811
Caravelle ('81)	.....	.....	.....	.....	2,139	.....
Caravelle ('83)	30	.....	39	103	.....	103
Gran Fury	.....	.....	.....	.....	7,448	.....
Chrysler Total	2,900	.....	2,355	7,536	22,098	75,603
LeBaron	2,100	.....	1,435	5,339	17,236	73,406
Chrysler	.....	.....	.....	.....	4,862	.....
E-Class	800	.....	920	2,197	.....	2,197
Dodge Total	5,800	6,943	2,245	10,806	238,740	150,236
Omni	1,500	2,770	.....	1,500	94,114	45,271
Aries	3,100	4,173	982	5,714	128,300	80,827
Diplomat	.....	.....	.....	.....	12,644	.....
Dodge 400	500	.....	676	2,101	.....	22,647
Dodge 600	700	.....	587	1,491	.....	1,491
St. Regis	.....	.....	.....	.....	3,682	.....
FORD MOTOR	21,755	26,493	16,959	66,147	931,211	737,376
Ford Division	14,398	17,806	10,003	39,068	635,502	464,990
Escort	7,234	9,135	6,143	17,407	239,144	186,164
Fairmont	2,869	3,573	2,634	11,432	130,050	85,712
Must./Must. II	2,975	.....	.....	5,563	116,747	84,640
Granada	.....	3,444	.....	.....	60,070	74,051
Thunderbird	1,138	1,654	1,040	4,298	48,605	29,556
Ford	.....	.....	.....	.....	40,886	.....
EXP	182	.....	186	368	.....	4,867
L-M Division	7,357	8,687	6,956	27,079	295,709	272,386
Mercury Total	5,717	7,641	5,297	20,884	256,578	210,358
Lynx	2,061	2,865	1,944	6,447	83,862	59,310
Capri	686	.....	.....	2,154	39,849	23,252
Zephyr	987	1,034	1,246	3,678	39,478	28,577
Cougar	.....	1,283	.....	.....	30,122	35,953
XR-7	475	1,165	593	2,213	22,010	10,540
Mercury	1,443	1,294	1,456	6,269	41,257	51,537
LN7	65	.....	58	123	.....	1,189
Lincoln Total	1,640	1,046	1,659	6,195	39,131	62,028
Continental ('82)	330	232	332	1,242	383	12,934
Lincoln	724	402	729	2,794	18,895	28,143
Mark VI	586	412	598	2,159	19,853	20,951
GENERAL MOTORS	62,908	56,794	49,451	213,235	2,814,702	2,203,917
Buick Division	13,177	13,599	11,183	53,353	610,334	515,561
Skylark	3,334	3,703	.....	9,184	185,590	96,574
Skyhawk J	.....	.....	.....	.....	.....	47,922
Century	852	.....	1,673	7,661	86,881	88,932
Regal	4,076	5,643	4,709	18,587	179,915	140,422
Buick	3,715	3,833	3,801	15,457	111,595	118,039
Riviera	1,200	420	1,000	2,464	46,353	23,672
Cadillac Division	5,311	1,539	4,380	10,047	176,455	148,827
Cimarron	31	944	.....	252	13,256	3,691
Seville	480	199	398	919	16,147	13,509
Eldorado	1,200	396	1,002	2,296	40,591	36,608
Cadillac	3,600	.....	2,980	6,580	106,461	95,019
Chevrolet Division	19,587	22,801	15,950	76,959	1,053,229	711,905
Chevette	1,465	6,893	1,495	13,843	240,769	152,448
Cavalier	1,266	4,168	.....	2,879	63,318	56,457
Celebrity	1,262	.....	175	1,862	.....	42,539
Camaro	5,575	.....	6,006	21,788	87,694	158,001
Citation	3,168	6,008	2,406	12,341	249,414	124,372
Malibu	2,138	2,949	2,340	9,955	169,623	83,049
Monte Carlo	2,383	2,603	1,205	6,033	98,170	47,848
Chevrolet	1,730	.....	1,730	6,833	122,590	28,186
Corvette	600	180	592	1,425	21,651	19,005
Oldsmobile Division	17,558	11,731	13,503	47,439	606,761	505,037
Omega	1,695	1,352	.....	5,146	108,704	58,449
Firenza	.....	.....	.....	.....	.....	34,011
Cutlass	5,310	4,729	4,611	9,921	284,828	129,557
Cutlass/Ciera	4,003	.....	2,375	9,782	.....	79,832
Oldsmobile	5,830	5,380	5,918	21,110	183,128	182,357
Toronado	720	270	599	1,460	30,101	20,831
Pontiac Division	7,275	7,124	4,435	25,437	367,923	322,587
Acadian†	.....	513	.....	256	14,966	8,353
J2000	1,002	1,060	.....	1,002	45,653	28,440
T1000	.....	2,487	364	3,267	57,292	27,307
Firebird	3,816	.....	4,071	14,537	43,468	96,709
Phoenix	1,080	1,776	.....	2,495	50,199	35,458
Grand Prix	13	729	.....	1,608	71,430	50,156
Bonneville ('82)	812	559	.....	1,751	2,824	50,840
A6000	552	.....	.....	552	.....	25,322
LeMans	.....	.....	.....	.....	42,027	.....
Pontiac	.....	.....	.....	.....	10,064	.....
VOLKSWAGEN	.....	3,465	.....	.....	121,732	60,121
CHECKER	.....	25*	.....	.....	1,494*	2,163*
Total Cars, U. S.	99,993	104,600	75,207	315,910	4,500,830	3,429,513

CANADIAN CAR PRODUCTION

	Week Ended Aug. 28, 1982	Week Ended Aug. 29, 1981	Week Ended Aug. 21, 1982	Aug. to Date	Jan. 1 to Aug. 29, 1981	Jan. 1 to Aug. 28, 1982
AMERICAN MOTORS	1,390	850	1,219	5,046	22,339	21,174
CHRYSLER CORP.	3,440	3,003	3,489	14,721	36,737	110,436
FORD MOTOR	6,959	6,964	3,760	23,385	155,214	203,697
GENERAL MOTORS	6,173	4,984	5,770	15,515	341,562	241,427
VOLVO	.....	255	.....	137	6,722	6,541
Total Cars, Canada	17,962	16,026	14,238	58,804	562,574	583,275
N. American Cars	117,955	120,626	89,445	374,714	5,063,404	4,012,788
N. American Trucks	40,834	29,967	40,221	161,494	1,483,615	1,670,927
North American Cars and Trucks	158,789	150,593	129,666	536,208	6,547,019	5,683,715

†—All Acadians and Caravelles are built for sale in Canada. *—Estimated.

C2200-1 9/9/82

Automotive News

September 6, 1982

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European lines fare best in import sales per dealer

By Kathleen Hamilton
News Editor

The first half of 1982 was a washout for dealers selling Japanese cars, but those handling European lines fared pretty well.

Of the 20 most popular import makes, seven — all European — registered gains in sales-per-dealer averages compared with the first half of 1981. Twelve makes — including all the Japanese makes except the Challenger imported by Dodge—took losses.

It wasn't roses for all the European-car dealers, however. Since the first half of '81, five lines have disappeared from the U. S.: MG, Triumph, Ford Fiesta, Lancia and Rover.

Hefty gains in the Jaguar average helped offset the losses incurred by Jaguar-Rover-Triumph-MG dealers. Jaguar dealers averaged a record 21 sales per outlet — 13 more than during the first half of 1981, and well above the previous alltime high of 13 sales, set in the first half of 1970 and repeated in 1975.

Nevertheless, those 21 cars were about half of what a full-line JRT dealer averaged in the first half of '81. There were 108 full-line dealers then. Twice that many now carry Jaguar.

• Another European make that fared well in 1982 was Volvo. Its record 104 sales per outlet broke the old mark of 92, set last year. It was enough to put the Swedish car maker into the No. 4 ranking, below Toyota, Honda and Datsun/Nissan.

Volkswagen, which was in the No. 4 spot at this time last year in import-car sales per dealer, is now tabulated as a domestic car because the preponderance of cars in VW showrooms are Pennsylvania-built Rabbits.

Only two other makes had record sales averages this year: BMW, with a new peak of 63, up 8 from the record set last year, and Saab, whose new record of 29 beat the old mark of 25, set during the first half of 1973 and repeated in 1978.

DeLorean, with a sales-per-dealer average of 4, didn't have an average available at this time last year, when its dealer network was just starting up.

Renault and Porsche were the only other makes that increased their sales-per-dealer averages this year. Each is up by 3 cars—Renault, to 15 sales per dealer, and Porsche, to 21 sales per dealer.

On the other side of the ledger, Toyota suffered its first loss since 1978. What a loss it was: An average of 59 cars per outlet. That brought the import giant's average sales per dealer down to 241 — still good enough for the No. One spot.

Honda dealers lost, too — 26

Continued on Page 40, Col. 4

SALES PER OUTLET

IMPORTED CARS

New-car sales per franchise for leading imports for the January-June periods.

1982 Position	Sales		1981 Sales	Position
1—241		Toyota	300—	1
2—236		Honda	262—	2
3—209		Datsun/Nissan	225—	3
4—104		Volvo	92—	7
5—100		Mazda	123—	5
6— 95		Subaru	103—	6
7— 78		Mercedes-Benz	80—	8
8— 63		BMW	55—	10
9— 53		Audi	57—	9
10— 33		Isuzu	44—	11
11— 29		Saab	24—	14
12— 21		Jaguar	8—	20
12— 21		Peugeot	25—	13
12— 21		Porsche	18—	16
15— 20		Fiat	33—	12
16— 15		Renault	12—	17
17— 8		Colt	10—	18
18— 7		Champ	10—	18
19— 4		DeLorean		*
20— 3		Challenger	3—	*

*—Did not make the Top 20 listing in 1981.

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It's got Flair

Jim Piegue

ASC concept car shown at World Expo

The Flair, displayed at the recent Automotive News World Expo, was created by ASC, Southfield, Mich., with input from Ford Motor's Plastic, Paint & Vinyl Division. Flair is based on the Ford EXP front-drive platform and features fiberglass body, targa top, quad headlamps behind smoked covers, Ford five-speed transmission and McLaren-tuned 1.6-liter engine and suspension. A unique feature is a power backlight that opens inward from a hinged base and pivots underneath the decklid.

CARB tightens particulate standard, rejects NOx relaxation

Calif. action could slash diesel sales

By Matt DeLorenzo
Los Angeles Reporter

LOS ANGELES. — In an action that could effectively ban the sale of diesel cars and light-duty trucks in California during 1985, the California Air Resources Board (CARB) adopted diesel particulate emission controls tighter than those required by the federal government.

At the same time adopting its staff's recommendation for the controls, CARB rejected another proposal from the staff that would have relaxed the 1984 1.0 gpm NOx limit to 1.5 gpm for passenger cars weighing more than 4,000 pounds.

Those two rulings, when taken in conjunction, could preclude the sale of some diesel models as early as next year, according to a number of manufacturers who testified at the board's hearing.

The particulate standards adopted by the board call for no more than 0.4 grams per mile of particulate matter over 50,000 miles during the 1985 model year, 0.2 gpm for 1986-88 and 0.08 gpm in 1989 and subsequent model years. The federal standard is 0.6 gpm 1982-84 and 0.2 gpm in 1985.

While the board is confident that particulate trap technology will be far enough along by 1985 to enable the manufacturers to meet the standards, the auto makers themselves are less optimistic.

Traps currently under development, according to testimony presented by the makers, have durability problems, are costly and to date have no reliable means for regeneration or cleaning out the trapped particulates.

• Equally troubling is the tighter NOx standard, which gives the manufacturers of larger and heavier diesel cars less leeway in meeting both the NOx and particulate standards in 1984-85.

"While we have not had time to assess the full engineering impact of the California Air Resources Board action, our initial reaction is that it would be extremely difficult, if not impossible, to sell larger diesel cars in California after the 1983 model year," according to General Motors.

A Chrysler spokesman said "the requirements are beyond

Continued on Page 37, Col. 2

Overall, the '83 fleet is up 1.9 pct.

GM boosts some prices, cuts others

By John K. Teahan Jr.
Managing Editor

General Motors prices moved up, down and sideways last week as the corporation decided upon the stickers for its 1983 models.

When all the deliberations were finished, the price of an average-equipped GM car was up $212, or 1.9 percent. The boost consisted of $160 on the base car and $52 on optional equipment.

It brought the price of the average GM car to an estimated $11,100.

There are no changes in dealer discounts for '83 models, and there is no increase in destination charges for introduction time.

The $212 increase for the full GM fleet does not include Corvette. The Chevrolet sports car is new for '83 and is expected to be several thousand dollars above its present sticker of $18,290.

GM's $212 boost appears stiff in light of the depressed condition of auto sales, but it was mitigated somewhat by the way it was constructed, with some lines reduced and some unchanged.

The $212 compares with an increase of $617, or 5.8 percent, at introduction time last year.

GM's 1.9 percent boost is expected to become the industry's standard for '83, since GM sets the pricing pattern for the rest of the domestic makers.

• GM's '83 price announcement had three parts. The A-cars and the J-cars are down, reflecting the sales problems of those lines. The T-cars and the X-cars are unchanged, and other models are up.

The decreases generally range from $250 to $500, although the Cadillac Seville was cut $1,500 on a comparably equipped basis. The Seville sticker is down $1,993, but some equipment has been removed — Twilight Sentinel, extended-range radio speakers and aluminum wheels.

Price hikes range from a carline average of $357 to $686 (Buick Electra Park Avenue). The boosts involved the rear-drive intermediates, the standard-size and luxury cars and the Chevrolet Camaro and Pontiac Firebird. Camaro and Firebird have been hot this year, and the standard-size cars have been selling better than expected.

So GM is obviously trying to give some much-needed help to the cars that have been the most obvious victims of sticker shock and, at the same time, trying to pick up some extra bucks on those that have met with greater public acceptance.

The A-car and J-car price reductions embraced 37 models. The A-bodies are Chevrolet Celebrity, Pontiac 6000, Buick Century and Oldsmobile Cutlass Ciera. GM said the average base car list price cut on those models was $250.

On the J-cars, it was an aver-

Continued on Page 37, Col. 1

breaking news

Ford studies Dearborn assembly closing

DEARBORN.—Ford Motor Co. is on the verge of completing plans to close its 64-year-old Dearborn assembly plant. The company is said to be considering moving assembly operations to either its recently closed Flat Rock (Mich.) casting plant or to the partially completed assembly plant in Sterling Heights, Mich., that Volkswagen is trying to sell. Ford executives, it has been learned, favor a move to the modern Flat Rock plant.

Cadillac buyers again go for V-8 power

LIVONIA, Mich. — When the 1982 model year started, Cadillac expected 65 percent of its cars to be powered by a new 4.1-liter digital fuel injection engine made here. The year ended with diesel sales misfiring and with 82 percent of the cars on which it was available being fitted with the new gaso-

See BREAKING NEWS, Page 8, Col. 1

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AMC claims its 32 MPG tops U.S. cars

SOUTHFIELD, Mich.—American Motors will have a 1983 corporate average fuel economy (CAFE) rating of 32 miles per gallon, making it the highest of any domestic auto maker, the company said last week. The figure includes Renault models.

The company made the announcement at a series of 22 regional press conferences held to preview the '83 Renault Alliance and other offerings.

AMC Executive Vice President Lawrence Hyde told the press conference here that the 32-MPG rating is "better than we expect GM, Ford or Chrysler to report and even better than some of our competitors from Japan."

Hyde, calling the new Alliance an "imoprt fighter," spoke about its many attributes, emphasizing the newest entry, rather than the carryover AMC models.

He said capital investment in the Alliance was $200 million, with another $100 million spent "in addition to tooling" to prepare the Kenosha (Wis.) manufacturing facilities for Alliance production.

Hyde said the Alliance models have 0-to-60 acceleration times of 12 to 14 seconds.

He also said that if the Alliance is "as big a success as we think it will be," meaning 100,000 sales the first year, "we expect a growing need for additional dealers."

Hyde said the dealer discount on the new Alliance ranges from "14 percent on the standard model to 10 percent on leader models."

Public introduction date for all '83 AMC-Renault cars and Jeeps is Sept. 22. The new line of more-fuel-efficient senior Jeeps, which was to have bowed at mid-year, has been pushed back to an intro as an '84 model one year from now.

California passes inspection measure

SACRAMENTO, Calif.—A bill requiring biennial vehicle emission inspections has been passed by the California Legislature and it's expected to be signed into law by Gov. Jerry Brown.

It is hoped the new law would end federal EPA sanctions that froze approximately $83 million in federal funds for California sewer, water and nighway projects.

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58th year — No. 4931

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Awaiting his turn

John K. Givens, right, marketing vice president of Chrysler Corp., waits to make his presentation at Automotive News World Congress. With him are Silvia Simmons, senior vice president of Kenyon & Eckhardt, and his son, Kevin Givens.

Tab is put at $3 per hour

Cost of health benefits too high, Chrysler says

By Marjorie Sorge
Labor Editor

Chrysler Corp. has told the UAW it can no longer afford to shoulder the total cost of workers' health-care benefits.

"Chrysler can no longer tolerate the awful penalty it must pay as a result of being shackled to a health-care benefit plan which drains our limited resources and just plain wastes our labor dollars," said Thomas W. Miner, vice president, industrial relations.

"A greater and greater portion of our labor cost dollar is going to pay for health care and not into the pockets of workers," he said.

The UAW has said it wants more money in workers' paychecks, but Miner said the only way to do that is to lower the cost in other areas. To lower the medical coverage cost, he suggested less-comprehensive coverage, co-pays and deductibles and limiting the choice of providers.

"What we need is both a reduced level of costs and predictability regarding future levels of cost," Miner said. "We'll take it any way we can get it."

According to Miner, healthcare benefits cost the company about $3 per hour and that is expected to rise another $1.33 an hour by 1985 under the current system.

At Chrysler (and Ford and General Motors), both retirees and active workers are 100 percent covered under the major medical plan which is totally company paid. The policy also covers the portion not paid by Medicare after a retiree is 65 years old.

Labor costs at Chrysler are $19.60 an hour, about $1.50 less than at Ford and GM when Chrysler's higher pension and medical costs are considered. Chrysler's costs are higher because it has a one-to-one ratio of active workers to retirees.

• Chrysler's total cost for health care will be about $337 million in 1982, up from $81 million in 1970, according to Miner. The cost of health care at Chrysler is equal to $450 a car. At Ford it is $336 a car and at GM, $370.

"Now, if that's the type of labor cost increase they want Chrysler to chin, if that's the kind of new money they want generated in these negotiations, where zero, none of it, goes in employe pockets, I think we're both in for a big problem," Miner said.

According to Miner, a Health Maintenance Organization (HMO) plan costs $187.43 a month for the same coverage.

About 5 percent of Chrysler workers are currently HMO members. Both Chrysler and the UAW have continually promoted the system. While availability could be a problem with introducing more HMOs, Miner said they could be set up quickly to accommodate a heavier load.

"People who want to have the right to retain all the trimmings of the existing wasteful system should pay for it," Miner said.

It is possible that a program could be negotiated under which workers who elect to use HMOs have full coverage while those who elect to use private physicians would make some payments.

• UAW Vice President Marc Stepp, director of the Chrysler Dept., has said he would "not fight this concept" but "would look at it objectively." (Automotive News, April 26, 1982).

The union has said it wants more money in the paychecks after this round of bargaining, but it has also flatly refused to accept co-pays and deductibles on health care. But Miner said the only way to get more take-home pay is to reduce costs elsewhere.

"If we take the money away from the hospital and put it in the worker's checks, we think they'll want to keep it there," he said.

Rev. Jesse Jackson leads talks with makers

Wider auto role urged for blacks

By Edward Lapham
Financial Editor

The drive to improve the lot of black Americans in all aspects of the auto industry is gaining momentum and has a good chance of succeeding, a national civil rights leader told Automotive News last week.

The Rev. Jesse L. Jackson, founder and national president of Operation PUSH (People United to Save Humanity), said the current economic climate in the U. S. has provided the black community with the economic leverage it needs to open new doors in Detroit.

"We are the margin of salvation or collapse in the economy," Jackson said. "Just as America could not defeat Japan on the battlefield without black soldiers, corporate America cannot defeat the Japanese on the economic battlefield without the use of black minds, black dollars and black talent."

Jackson and other PUSH officials were in Detroit last week to meet with General Motors officials as well as UAW leaders and local businessmen as part of the drive.

Jackson said PUSH intends to press for improvements in all aspects of the industry, including more black dealers, better financial arrangements for black dealers, more black decision-makers and policy implementers in the corporate ranks plus more business for black suppliers.

He and other PUSH officials visited Detroit earlier in the year and were able to get Ford and Chrysler "to declare a moratorium" on foreclosing on black-owned dealerships for the duration of auto industry depression, but he said that GM had yet to make a commitment.

Subsequently, a Ford spokesman said Ford did not commit to a moratorium, but offered to make it a topic at the next meeting with PUSH. "Our principal goal is to assure the success of our existing minority dealers," Ford said. "Happily, there has been no loss of minority dealers in the past 18 months."

A Chrysler official said his company did not commit to a moratorium either. "We can't give a dealer carte blanche under any circumstances," he said. "But we are making every reasonable effort to help any dealership in trouble. Some you just can't keep open."

Although Jackson expressed an interest in securing more positions for black lawyers, CPAs and executives plus securing more business for black ad agencies, manufacturers and insurance companies, it was clear the dealership situation was at the fore.

He said there are 22,500 domestic dealerships in the U. S. and that using a population ratio, blacks should have about 10 percent or 2,200. Jackson said there are currently about 94—eight at Chrysler, 27 at Ford and 59 at GM—and that 64 of these are currently in the red.

"There has been a policy of apartheid, a policy of exclusion," Jackson said.

"Many white dealers are occupying our territory," he said. "They got dealerships we should have had."

He said black dealers at GM are plagued by problems with "floorplanning, GMAC, inadequate advertising and bad locations," but added that the situation at all the domestic companies "is essentially the same."

Jackson said black Americans bought $14 billion in auto products in 1981 and received less than $500 million back in trade. He said that last year, Ford, GM and Chrysler had total procurement budgets of $50 billion and that black businesses should have had 10 percent of the business.

"That means there was a $5 billion trade deficit for the black community," Jackson said.

"We're not aiming for full employment," he said. "We had that under slavery.

"We're not asking for social generosity and aid but rather economic reciprocity and trade."

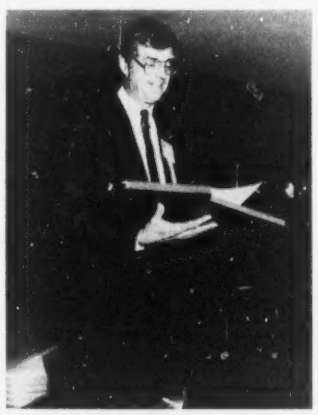
He also blasted auto company management. "The historical cataracts of racism have blinded corporate America," he said. "We are being victimized by inferior management which does not realize the value of black spending power and stumbles over black talent.

"Until 1967 there was an effective policy of restraint of trade with the black community; since then there has been a policy of ambivalence."

He said the auto industry has done less to develop the black American market than foreign markets because it believes the black market is captive.

"We are not captives," Jackson said. "Our dollars must be competed for. Black Americans have more median education and

Continued on Page 37, Col. 4



By the book

William E. Hoglund, general manager of Pontiac, checks his workbook before going on as a speaker at the Automotive News World Congress.

Ford reopens its plant in Northville, Mich.

DEARBORN. — Ford Motor Co. reopened its Northville (Mich.) plant last week as the final step in fulfilling the new UAW/Ford contract.

The plant, which closed in 1981, will now produce fuel tanks for Ford-built products and service and repair shipping racks for Ford plants in the Detroit area, according to John A. Betti, vice president, powertrain and chassis operations.

Ford President Donald A. Petersen said last spring that the plant would be reopened "in the spirit of the new labor agreement."

Workers in the plant will have flexible work assignments, need multiple skills and will need to use new technologies and statistical process control. Work rules were also modified and those changes were ratified by 97 percent of the local union's members.

Twenty-five workers were called back last week and about 25 will be recalled when fuel-tank product and rack-repair activities begin in the first quarter of 1983.

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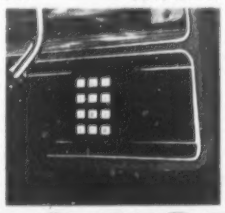

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Volvo beats Ford in average sales per franchise

Something startling happened in the first half of 1982: Volvo dealers turned in a better sales average than Ford dealers did.

A look at the 10 makes with the best sales-per-dealer totals shows that even though Ford dealers' average for early 1982 was off only six cars from the first half of 1981, Volvo's average was up 12 — enough to put dealers of the Swedish cars in the No. 7 slot.

Volvo is the only make on this year's list that registered a gain compared with last year. It also is the only European make in the lot.

Ford's unit sales, of course, were much higher than Volvo's — more than 11 times greater — but Ford's dealer total is about 12 times that of Volvo. So the Volvo average was higher.

The Japanese-car dealers on the list generally suffered worse average sales losses than dealers of the U. S. makes:

Toyota was down 59 sales per dealer compared with the first half of 1981. Honda was down 26, Mazda down 23, and Subaru down 8. Chevrolet dealers average fell 14. Oldsmobile was down 11, Ford was down 6 and Buick down 3.

The top five slots this year are occupied by the same makes and in the same order as in early 1981: Toyota, Honda, Datsun/Nissan, Oldsmobile and Chevrolet. This year, however, Buick tied with Chevy for the No. 5 slot. Last year, Buick was No. 7.

Volkswagen fell out of the Top 10 this year. In the first half of '81, its 127 sales per dealer had been enough to earn it the No. 6 position. That average fell to 80 — including both domestic and foreign-built VWs— in the first half of 1982.

SALES PER OUTLET

Total U. S. Market

New-car sales per franchise for January-June periods.

1982 Position	Sales		1981 Sales	Position
1	241	Toyota	300	1
2	236	Honda	262	2
3	209	Datsun/Nissan	225	3
4	129	Oldsmobile	140	4
5	123	Buick	126	7
5	123	Chevrolet	137	5
7	104	Volvo	92	*
8	101	Ford	107	9
9	100	Mazda	123	8
10	95	Subaru	103	10
		Volkswagen	127	6

*—Did not make the Top 10 in 1981.

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VW ad agency to open office in Detroit area

Doyle Dane Bernbach will join its clients Volkswagen and Porsche-Audi in moving to the Detroit area next March.

DDB expects to have a full-service operation in Troy, Mich., in March, handling not only its auto clients but "dozens" of dealer groups currently handled out of New York, according to Robert Dunn, management supervisor in the New York office.

DDB currently employs about 100 people on its New York automotive accounts. Its office in Troy will be headed by Robert Rees as president. He will continue to oversee the VW and Porsche-Audi accounts.

Rees is currently executive vice president of the agency in New York.

IMPORT SALES PER OUTLET, 1973-1982

First-half sales per new-car franchise

	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973
Toyota	241	300	295	245	229	254	160	144	132	182
Honda	236	262	251	266	216	199	105	106	61	53
Datsun/Nissan	209	225	259	223	182	198	137	130	95	134
Volvo	104	92	68	75	55	50	42	71	54	74
Mazda	100	123	98	108	50	41	37	104	105	200
Subaru	95	103	95	96	69	55	36	32	20	31
Mercedes-Benz	78	80	64	70	54	62	55	52	46	61
BMW	63	55	49	49	45	49	47	30	30	30
Audi	53	57	48	48	47	41	40	73	83	81
Isuzu	33	44	0	0	0	0	0	0	0	0
Saab	29	24	21	24	25	23	15	19	15	25
Jaguar	21	8	5	8	7	8	13	11	6	12
Peugeot	21	25	22	23	16	21	18	20	12	8
Porsche	21	18	17	23	30	35	21	30	43	50
Fiat	20	33	35	51	46	51	43	68	48	48
Renault	15	12	13	32	25	27	11	11	13	16
Colt	8	10	15	16	12	24	12	19	11	15
Champ/Arrow	7	10	17	13	10	19	8	0	0	0
DeLorean	4	na	0	0	0	0	0	0	0	0
Challenger	3	3	3	4	3	0	0	0	0	0
Volkswagen	*	127	138	126	114	132	89	144	144	213

* Volkswagen counted as a domestic in 1982.

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European lines fare best in import sales per dealer

Continued from Page 1

sales apiece, which brought their sales-per-dealer average to 236. Mazda sales per dealer fell by 23 cars to 100.

Datsun/Nissan sales per dealer dropped by 16 to 209. Isuzu's average was down 11 from last year's estimated total to 33 sales per dealer. Subaru's sales per dealer fell by 8 to 95.

Dodge dealers' average sales of Colts fell by 2, to 8. Plymouth dealers' average Champ sales fell by 3 cars, to 7.

But there were also some European makes that registered declines in the first half of 1982. Fiat was down 13, to 20 sales per dealer. Peugeot dropped 4, to an average of 21 sales per dealer.

Audi also was down 4, to 53 sales per dealer. And Mercedes-Benz was down by 2, to 78 sales per dealer.

The Top 20 import listing used in this semiannual AUTOMOTIVE NEWS analysis excludes makes that sell less than 1,500 cars per half.

The Top 20 accounted for 96.4 percent of all import sales in the U. S. during early 1982. Combined, the Top 20 makes averaged 63 sales per outlet — the lowest average since the first half of 1976.

New-car campaign launched by Automobility Foundation

WASHINGTON.—"Get Into a New Car Now," a two-month public campaign sponsored by the Automobility Foundation, was launched officially Sept. 1, according to Robert P. Mallon, chairman of the foundation.

The public service campaign is designed to make consumers more aware of the added features and values found in today's new cars.

"Get Into a New Car Now" has been endorsed by the Television Bureau of Advertising, the Radio Advertising Bureau and the Newspaper Advertising Bureau as a way to benefit the entire automobile industry. The three advertising bureaus are supporting and promoting the foundation's program, distributing television commercials, radio spots and ad mats to their individual members along with the request that time and space be donated.

"This program creates a positive selling environment at no additional cost to dealers," said Mallon. "Dealers are encouraged to complement this public service advertising by buying time and space with the involved stations and newspapers," he said. "We have been particularly encouraged by the tremendous support received by all the individual bureaus of advertising."

Needham, Harper & Steers, Washington, D.C., is the agency preparing the campaign.

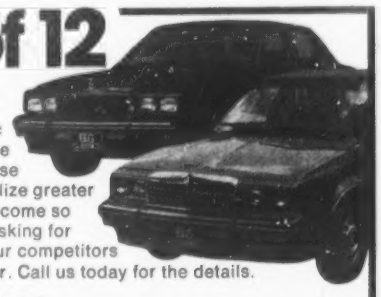
The Automobility Foundation is a nonprofit organization established by NADA.

Bank of America hikes dealers' credit-card rate

SAN FRANCISCO.—The Bank of America has raised the rate it charges members of the Northern California Motor Car Dealers Assn. who accept Visa/Mastercard payments from customers.

The rate for several years has been 1.85 percent. It has been increased to 2.24 percent.

10 out of 12



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